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ED STATES  
XCHANGE COMMISSION  
ton, D.C. 20549UDITED REPORT  
FORM X-17A-5  
PART III

OMB APPROVAL

OMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden  
hours per response.....12.00

SEC FILE NUMBER

8-065485

## FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER:

Tri-Artisan Partners, LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

110 East 59<sup>th</sup> Street, 37<sup>th</sup> Floor  
(No. and Street)New York  
(City)NY  
(State)10022  
(Zip Code)

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THOMSON  
FINANCIAL

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Gerald Cromack

SECURITIES AND EXCHANGE COMMISSION

RECEIVED

FEB 29 2008

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

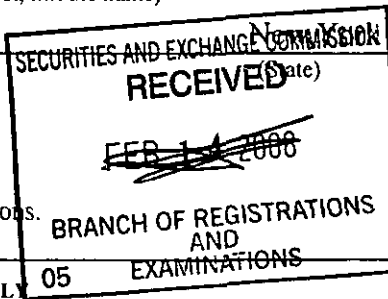
BDO Seidman, LLP

(Name — if individual, state last, first, middle name)

330 Madison Avenue  
(Address)New York  
(City)10017  
(Zip Code)

## CHECK ONE:

- ☒
- Certified Public Accountant
- 
- ☐
- Public Accountant
- 
- ☐
- Accountant not in residence in United States or any of its possessions.



FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, Gerald Cromack, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Tri-Artisan Partners, LLC, as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

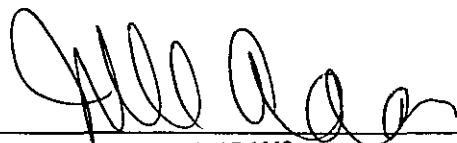
\_\_\_\_\_  
\_\_\_\_\_  
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Signature

Managing Member

Title



JULIE ADAMS

NOTARY PUBLIC-STATE OF NEW YORK

No. 01AD6103352

Qualified in Queens County

My Commission Expires December 22, 2011

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Cash Flows.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation Between the Audited and Unaudited Statements of Financial Condition With Respect to Methods of Consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A Copy of the SIPC Supplemental Report.
- ☐ (n) A Report Describing any Material Inadequacies Found to Exist or Found to Have Existed Since the Date of the Previous Audit.
- ☒ (o) Independent Auditors' Report on internal control required by SEC Rule 17a-5.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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# Tri-Artisan Partners LLC

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## Statement of Financial Condition

December 31, 2007

# Tri-Artisan Partners LLC

## Index

<b>Facing page to Form X-17A-5</b>	<b>2A</b>
<b>Affirmation of officer</b>	<b>2B</b>
<b>Independent auditors' report</b>	<b>3</b>
<b>Statement of financial condition</b>	<b>4</b>
<b>Summary of business and significant accounting policies</b>	<b>5-7</b>
<b>Notes to statement of financial condition</b>	<b>8</b>
<b>Independent auditors' report on internal control required by SEC Rule 17a-5(g)(1) for a broker-dealer claiming an exemption from SEC Rule 15c3-3</b>	<b>9-11</b>



**BDO Seidman, LLP**  
Accountants and Consultants

330 Madison Avenue  
New York, New York 10017  
Telephone: (212) 885-8000  
Fax: (212) 697-1299

## **Independent Auditors' Report**

The Member  
Tri-Artisan Partners LLC  
New York, New York

We have audited the accompanying statement of financial condition of Tri-Artisan Partners LLC (a wholly-owned subsidiary of Tri-Artisan Capital Partners, LLC) as of December 31, 2007. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Tri-Artisan Partners LLC as of December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

*BDO Seidman, LLP*

February 22, 2008

# Tri-Artisan Partners LLC

## Statement of Financial Condition

*December 31, 2007*

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**Assets**

Cash and cash equivalents	\$4,470,864
Deposit with clearing broker (Note 1)	111,399
	<hr/>
	\$4,582,263

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**Liabilities and Member's Equity****Liabilities:**

Due to Parent (Note 2)	\$ 213,345
Due to affiliate (Note 2)	220,833
Accrued expenses	117,895
	<hr/>
Total liabilities	552,073
Member's equity (Notes 3 and 4)	4,030,190
	<hr/>
	\$4,582,263

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*See accompanying summary of business and significant accounting policies  
and notes to statement of financial condition.*

# Tri-Artisan Partners LLC

## Summary of Business and Significant Accounting Policies

### Business

Tri-Artisan Partners LLC ("Company") is a Delaware limited liability company that provides investment banking services to its customers. Tri-Artisan Capital Partners, LLC ("Parent") is the sole member of the Company.

The Company is registered as a broker-dealer under the provisions of the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. ("NASD"). The Company claims exemption from the requirements of Rule 15c3-3 under Section (k)(2)(ii) of the Rule.

### Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

The Company holds its cash and cash equivalents at a financial institution. Such cash balances, at times, may exceed federally insured limits. The Company believes no significant credit risk exists with respect to its cash and cash equivalents.

### Revenue Recognition

The Company performs advisory services in connection with mergers and acquisitions, private financings and capital raising activities. A retainer fee is generally charged upon the client signing an engagement contract and revenue is recognized ratably over the service term of the contract. Success fees related to advisory services are recorded upon the close of the underlying transaction. Fairness opinion fees are recorded as revenue upon delivery of the fairness opinion to the customer.

### Customer Transactions

The Company engages in investment banking activities with its customers. In the event a customer does not fulfill its obligation, the Company may be exposed to credit risk.

The Company does not anticipate nonperformance by its customers. The Company has a policy of reviewing, as considered necessary, the credit standing of each customer with which it conducts business.

# Tri-Artisan Partners LLC

## Summary of Business and Significant Accounting Policies

<b>Income Taxes</b>	No income tax provision has been made in the accompanying financial statements as the Parent reports its share of the Company's income or loss on its income tax return.
<b>Use of Estimates</b>	In preparing a statement of financial condition in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results could differ from those estimates.
<b>New Accounting Pronouncements</b>	<p>In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes", which establishes that a tax position taken or expected to be taken in a tax return is to be recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. FIN 48 is effective for fiscal years beginning after December 15, 2007. The adoption of FIN 48 is not expected to have a material impact on the Company's statement of financial condition.</p> <p>In December 2007, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 141R, "Business Combinations" ("SFAS No. 141R"). SFAS No. 141R replaces SFAS No. 141 and established principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquirer and the goodwill acquired. SFAS No. 141R also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. This standard is effective for fiscal years beginning after December 15, 2008. In the event that the Company completes acquisitions subsequent its adoption of SFAS 141R, the application of its provisions will likely have a</p>



# Tri-Artisan Partners LLC

## Summary of Business and Significant Accounting Policies

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material impact on the Company's statement of financial condition, although the Company is not currently able to estimate that impact.

The Company does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying statement of financial condition.

# Tri-Artisan Partners LLC

## Notes to Statement of Financial Condition

- 1. Deposit with Clearing Broker**

Pursuant to the clearing agreement, the Company is required to maintain a collateral deposit aggregating \$100,000 against losses due to nonperformance by the Company and any amounts due to clearing broker.

The Company is subject to credit risk if the clearing broker is unable to repay balances due.
- 2. Related Party Transactions**

The Company shares office space, equipment and administrative expenses with an affiliated company pursuant to an Administrative Services Agreement. An amount of \$220,833 is payable to the affiliate at December 31, 2007 related to this agreement.

The Parent pays compensation for the employees of the Company. At December 31, 2007, the Company has a payable to the Parent of \$213,345 for such services.
- 3. Regulatory Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum regulatory net capital and requires that the ratio of aggregate indebtedness to regulatory net capital, both as defined, shall not exceed 15 to 1. As of December 31, 2007, the Company had regulatory net capital of \$4,018,791 and a minimum regulatory net capital requirement of \$100,000. The Company's regulatory net capital ratio was .14 to 1.
- 4. Subsequent Capital Transaction**

Between January 1, 2008 through February 22, 2008, a capital withdrawal of \$3,500,000 was made by the Parent.



**Independent Auditors' Report on Internal  
Control Required by Securities and  
Exchange Commission Rule 17a-5(g)(1)  
for a Broker-Dealer Claiming an  
Exemption from SEC Rule 15c-3-3**

The Member  
Tri-Artisan Partners LLC  
New York, New York

In planning and performing our audit of the financial statements of Tri-Artisan Partners LLC (the "Company") as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.



We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2007 to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers and is not intended to be and should not be used by anyone other than these specified parties.

*BDO Seidman, LLP*

Certified Public Accountants

New York, New York

February 22, 2008

END